

Privatisation and Co-operation

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Co-operation

The provision of public services through co-operatives is a proven and successful model.

1 Co-operation

The logic of this, however, is not the co-operatisation of the public service but rather an option

1 Public Services

2 Privatisation by Stealth

This could include the development of co-operatives within the public service - independent and autonomous but with the public servants involved retaining their rights and entitlements as employees in the public service.

3 BCCM

4 Co-operation Values and Principles

The co-operative model is when workers and/or users of services own and control the co-operative and this has distinct advantages over private providers and not-for-profit welfare agency providers.

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Public Services

“The view of the Productivity Commission that privatization is desirable is based on ideology – not evidence”

Public services can be delivered through the public service itself, non-government welfare agencies, co-operatives or private enterprise.

The view of the Productivity Commission that privatisation is desirable is based on ideology- not evidence.

Alternative models of service delivery of public services should not be viewed as self-evidently beneficial when the public service has been downsized, depleted of resources and managed to prove its inadequacy. The public service is increasingly set-up to fail and, therefore, increase the demand for different models for the delivery of public services.

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Privatisation by Stealth

Advocacy for and the establishment of co-operatives for the delivery of public services has a danger for not everyone who admits the possibility of a co-operation option comes with clean hands.

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There are those who recognize that co-operatives can be used as a precursor to privatisation of public services - that the delivery of public services through co-operatives that could eventually be privatised either through demutualisation or through subsequent competitive tendering when the co-operative is outbid by private providers offering more for

Welfare agencies are a backdoor to privatisation. There are four fundamental differences between co-operatives and not-for-profit-welfare agencies. Welfare agencies have also become involved in the development of social enterprises which perpetuate the charity and benevolence of the parent agencies - enterprises that are owned and controlled by the agencies for their clients - rather than by users of services:

Characteristic	Co-operatives	Welfare Agencies
Purpose	Self-help by members.	Charity and benevolence by members for clients.
Ethical Values and Principles	ICA Co-operative values and principles.	Welfare agencies values and principles.
Democracy	Member ownership and control	Benevolent ownership and control
Autonomy and Independence	Self-funding	Dependant on corporation, charitable and Government funding.



The public service provide services for users. Non-government welfare agencies provide services for users. Co-operatives are owned and controlled by the providers and/or users of services. The provision of public services by not-for-profit welfare agencies is privatisation - without the democracy of co-operatives.

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Business Council of Co-operatives and Mutuals

Australia's Business Council of Co-operatives and Mutuals has commissioned work on public service mutuals - Public Service Mutuals: A Third Way of Delivering Public Services in Australia (2014).

Public Service Mutuals were promoted in the UK by the Coalition Government. Most of these public service mutual, however, are not mutual or co-operatives. The UK Government has defined a mutual as an enterprise with employees having no less than 25% ownership with the rest of the ownership with investors. The so-called mutual are dominated by the private sector. The majority of these mutual are in leisure, health and social services.

Public Service Mutuals in the UK are not, therefore mutual or co-operatives. The term is being used to cover what is really privatization with a required minimum level of employee ownership.

The Business Council of Co-operatives and Mutuals is aware of this deficiency and the examples that it has referenced of co-operatives providing public services in Australia are genuine co-operatives that are owned and controlled by their members:

Community Child Care Co-operative Ltd (NSW)

Co-operative Home Care (NSW)

Ethnic Child Care Family and Community Services Co-operative (NSW)

National Health Co-operative (ACT)

Nundah Community Enterprise Co-operative (Qld)



Co-operatives Worldwide

Co-operative enterprises worldwide employ 250 million people, and generate 2.2 trillion USD in turnover while providing the services and infrastructure society needs to thrive.

The International Co-operative Alliance, with the scientific and technical support of the [European Research Institute on Cooperative and Social Enterprises \(Euricse\)](#) - publishes an annual report on the co-operative economy - The World Co-operative Monitor. [The third \(2014\) edition of the World Co-operative Monitor](#) reveals that the turnover of the largest 300 co-operatives in the report over the last 3 years has grown by 11.6% to reach 2.2 trillion USD (2205.7 billion USD) in 2012. 165 Billion USD in this figure is generated by the co-operative banking and financial services sector (net banking income) and 1,156.5 billion USD from the insurance and mutual sector (premium income).

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Co-operative Identity, Values and Principles

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of **self-help, self-responsibility, democracy, equality, equity** and **solidarity**. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3. Member Economic Participation Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among Co-operatives Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community Co-operatives work for the sustainable development of their communities through policies approved by their members.